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Congress is giving college students an antidote to the annual tuition increase blues with a drop in interest rates on federal loans that could save some students nearly \$2,400 over the life of their loans.

Starting today, interest rates on new Stafford loans will drop from 6.8 percent to 6 percent, and eventually to 3.4 percent by 2011.

This federal rate cut makes that attractive low-cost loan that much more attractive," said Keith New, a spokesman for the Pennsylvania Higher Education Assistance Agency. "The interest rate cut will save the typical four-year student who begins college this fall about \$2,352 over the life of that loan, which is a significant savings."

The decrease in federal student loan rates is a result of the College Cost Reduction and Access Act. Today marks the first day of the phased-in decrease in need-based student loans.

It's a good thing," said Jacquelyn Selznick, assistant director of financial aid at Robert Morris University. "With rising tuition cost across the country, overall loan indebtedness is increasing and any reduction in interest rates can only help students when those loans go into repayment."

U.S. Rep. Jason Altmire, D-McCandless, served on the conference committee that worked out the differences between the House and Senate versions.

We felt like we had to take action to lower the burden on families trying to afford higher education," he said. "We talked during the 2006 elections about how we wanted to cut interest rates in half and this is what we did."

When it's fully phased in to 3.4 percent, the average borrower in Pennsylvania will save \$4,400 over the lifetime of a loan, he said.

The rate change affects 5.5 million student borrowers across the country, including 500,000 federal Stafford loan recipients in Pennsylvania.

In addition to reducing the interest rate, the law increases the maximum amount of Pell Grants by \$490 to \$4,731 this school year. By 2012, the cap will rise to \$5,400 -- a \$1,090 increase from the 2006 level.

Under the law, students becoming military officers, first responders, nurses, firefighters, law enforcement officers, librarians or working in other public service jobs would qualify for complete forgiveness of student loans after 10 years of service.

"I really believe this is something that will impact families in a way that we haven't seen in a real long time," Altmire said.